

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 AID-20 DODE-00 PA-04 USIA-15

PRS-01 SPC-03 DRC-01 /088 W
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R 040908Z JAN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 135

C O N F I D E N T I A L MANILA 143

E O 11652: GDS

TAGS: ELAB, RP

SUBJ: LABOR AND WAGE LEVELS

REF: A-362, DECEMBER 28, 1973

1. PRESS AND RADIO JAN 4 REPORTED GOVERNMENT STUDYING MEASURES TO EASE PLIGHT OF URBAN WORKERS IN FACE RISING PRICES RESULTING FROM WORLDWIDE INFLATION. AMONG MEASURES BEING CONSIDERED ARE POSSIBLE INCREASE IN MINIMUM WAGE AND GRANT OF LIVING ALLOWANCES.

2. SECRETARY OF LABOR OPLE HAS TOLD EMBASSY THAT NEDA PROPOSING THAT PRESIDENT ANNOUNCE PESO 45 MONTHLY COST OF LIVING INCREMENT FOR ALL GOVERNMENT WORKERS MAKING PESO 600 OR LESS PER MONTH. ACCORDING OPLE, THIS WILL COVER 90 PCT OF 600,000 GOVERNMENT WORKERS. IT IS EXPECTED THAT THIS ACTION WILL PROVIDE GUIDELINES FOR PRIVATE SECTOR, BUT OPLE HOPEFUL THAT PESO 45 INCREMENT WILL BE MADE MANDATORY IF PRIVATE SECTOR COMPLIANCE IS NOT SATISFACTORY BY END OF SIX MONTHS.

3. TRADE UNION LEADERSHIP DOES NOT CONSIDER PESO 45 ANYWHERE NEAR OFFSETS INFLATION WHICH FFW PRESIDENT JOHNNY TAN, FOR EXAMPLE, BELIEVES CLOSE TO 25 PCT, AS AGAINST GOVERNMENT'S 12 PCT FIGURE. (OUR OWN ESTIMATES BETWEEN 15 AND 20
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PERCENT). THEY ALSO NOT OPTIMISTIC PRIVATE SECTOR WOULD

VOLUNTARILY COMPLY WITH GUIDELINES, PARTICULARLY SMALLER EMPLOYERS, EVEN THOUGH WE AWARE THAT NUMBER FIRMS, ESPECIALLY INTERNATIONAL, ALREADY HAVE EFFECTED WAGE INCREASES IN FINAL QUARTER 1973, OR HAVE AGREED ON THEM FOR FIRST QUARTER 1974, IN RANGE 15-30 PCT. IF INFLATIONARY PRESSURE NOT EASED, TAN AND OTHERS PREDICT WILDCAT STRIKES AND LABOR UNREST IN SPITE GOVERNMENT BAN. SECRETARY AGRICULTURE TANCO TOLD USAID HE PREDICTED DISCORD IN LABOR RANKS IF ECONOMIC PRESSURES CONTINUED MOUNT AS HE THOUGHT THEY WOULD.

4. COMMENT: ALTHOUGH NEDA PROPOSAL WOULD PROBABLY GET GOVERNMENT OFF THE HOOK TEMPORARILY, IT SEEMS FAR FROM SATISFACTORY TO COPE WITH REALITIES OF INFLATION FACING URBAN WORKERS. IT IS DOUBTFUL THAT ANY WORKERS PROTESTS WOULD BE PERMITTED TO GET OUT OF HAND. DETAILS BY AIRGRAM. SULLIVAN

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Message Attributes

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